

**PUBLIC UTILITIES COMMISSION**

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SAN FRANCISCO, CA 94102-3298

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February 25, 2022

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Ratesetting

TO PARTIES OF RECORD IN APPLICATION 20-10-006:

This is the proposed decision of Administrative Law Judge Wang. Until and unless the Commission hears the item and votes to approve it, the proposed decision has no legal effect. This item may be heard, at the earliest, at the Commission's, April 7, 2022 Business Meeting. To confirm when the item will be heard, please see the Business Meeting agenda, which is posted on the Commission's website 10 days before each Business Meeting.

Parties of record may file comments on the proposed decision as provided in Rule 14.3 of the Commission's Rules of Practice and Procedure.

The Commission may hold a Ratesetting Deliberative Meeting to consider this item in closed session in advance of the Business Meeting at which the item will be heard. In such event, notice of the Ratesetting Deliberative Meeting will appear in the Daily Calendar, which is posted on the Commission's website. If a Ratesetting Deliberative Meeting is scheduled, *ex parte* communications are prohibited pursuant to Rule 8.2(c)(4).

/s/ ANNE E. SIMON

Anne E. Simon

Chief Administrative Law Judge

AES:mph

Attachment

Decision **PROPOSED DECISION OF ALJ WANG** (Mailed 2/25/2022)

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

Application of Pacific Gas and Electric Company (U39M) for Approval to Provide Eligible Residential Medical Customers on Non-Tiered Rates a Medical baseline Benefit through a Line-Item Discount.

Application 20-10-006

**DECISION AUTHORIZING PACIFIC GAS AND ELECTRIC COMPANY
MEDICAL DISCOUNT FOR NON-TIERED RATES**

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DECISION AUTHORIZING PACIFIC GAS AND ELECTRIC COMPANY MEDICAL DISCOUNT FOR NON-TIERED RATES

Summary

This decision approves a twelve percent line-item discount for Pacific Gas and Electric Company medical customers on any current or future non-tiered time-of-use rates. This new discount will allow medical customers to participate in programs that require non-tiered time-of-use rates, including the Self-Generation Incentive Program, without losing access to medical rate discounts. This proceeding is closed.

1. Background

For tiered rates, the price of energy increases as more energy is used during a billing cycle. Public Utilities Code Section 739 provides that the California Public Utilities Commission (Commission) shall designate a “baseline” quantity of gas and electricity for residential customers which shall be available at the lowest rates. Section 739 requires energy utilities to provide customers with specified medical conditions or who rely on life-support equipment (medical customers) an additional quantity of electricity and gas at the baseline rate to meet their medical needs (medical baseline).

In Decision (D.) 19-08-001, the Commission required all new Self-Generation Incentive Program (SGIP) energy storage projects to reduce greenhouse gas emissions. SGIP participants must enroll in a time-of-use rate with a 1.69 price differential between summer peak and off-peak or super off-peak periods and a peak period starting no earlier than 4 pm, if one is available.¹

¹ D.19-08-001 at Conclusion of Law 35.

In D.20-05-041, the Commission directed Pacific Gas and Electric Company (PG&E) to expeditiously propose a time-of-use rate that complies with SGIP for medical customers.² That decision also provided an interim solution for medical customers who participate in SGIP. If a medical customer does not have access to an SGIP-compliant rate with a medical rate discount when submitting an SGIP incentive reservation request, then the customer must enroll in any medical baseline time-of-use rate.³

PG&E filed Application 20-10-006 on October 9, 2020 to request approval to provide eligible residential customers on non-tiered rates a medical baseline benefit through a line-item discount (Application). Non-tiered rates are rates where the price of energy does not increase as more energy is used during a billing cycle. Center for Accessible Technology (CforAT), The Utility Reform Network (TURN), and the Commission's Public Advocates Office (Cal Advocates) timely filed protests to the Application and PG&E filed a reply to protests in November 2020.

The Commission held a prehearing conference on December 4, 2020. The assigned Commissioner issued a scoping memo on December 15, 2020 which directed PG&E to work with parties to either serve a joint case management statement to request evidentiary hearings or jointly waive evidentiary hearings. On March 4, 2021, PG&E served a procedural email to waive evidentiary hearings on behalf of all parties.

² D.20-05-041 at Ordering Paragraph 3.

³ D.20-05-041 at Ordering Paragraph 2(g).

On February 26, 2021, PG&E, CforAT, TURN and Cal Advocates filed a motion for adoption of a settlement agreement (Settlement Motion). All parties to this proceeding joined the Settlement Motion.

On March 1, 2021, PG&E filed a motion to offer its prepared testimony exhibit into the record of this proceeding (Exhibit PG&E-1). No party opposed this motion.

On June 22, 2021, PG&E filed an opening brief. On June 25, 2021, Cal Advocates, CforAT and TURN filed a joint reply brief.

2. Issues Before the Commission

The scoping memo provides that the issues before the Commission are as follows:

- a. Whether PG&E's proposal to provide a line-item discount for medical customers on any non-tiered rate, including Schedule EV2-A, is reasonable;
- b. How the line-item discount for medical customers should be reviewed in the future, if adopted; and
- c. How PG&E's proposal impacts the Commission's achievement of its Environmental and Social Justice Action Plan.

Rule 12.1(d) of the Commission's Rules of Practice and Procedure provides that the Commission will not approve settlements, whether contested or uncontested, unless the settlement is reasonable in light of the whole record, consistent with law, and in the public interest. Where a settlement is contested, it will be subject to more scrutiny than an uncontested settlement.

While our policy is to favor the settlement of disputes, we will not approve unreasonable settlements. We will consider whether the Settlement Motion fails to address any contested issue in the proceeding, significantly deviates from Commission policies and practices, or fails to fully and fairly consider the

interests of all affected entities and customers. We will also consider whether the proponents of the Settlement Motion have adequately explained and justified each element of the settlement.

The Settlement Motion offers an uncontested settlement agreement for our review. All of the parties to this proceeding offered the Settlement Motion. The Settlement Motion addresses all of the contested issues in this proceeding. The parties to this proceeding represent a range of ratepayer interests, including medical customers and ratepayers who are not eligible for medical rate discounts. However, the parties to this proceeding do not include representatives for community choice aggregation (CCA) customers or direct access (DA) customers.

We will approve the settlement agreement if it is reasonable in light of the whole record, consistent with law, and in the public interest, except for the provisions specific to unbundled customers. We will review the settlement provisions specific to unbundled customers separately and with additional scrutiny in Section 4 below.

3. Whether to Approve the Settlement Agreement

3.1. Rate Design

The Settlement Motion supports PG&E's proposal for a 12 percent line-item discount available to any medical customer on any non-tiered time-of-use (TOU) rate. The Settlement Motion proposes that qualifying medical customers will have the option to take service on PG&E's new proposed rider rate. Schedule D-Medical will provide a 12 percent line-item discount on any current or future residential non-tiered time-of-use rate.

This approach to providing medical discounts appears to be novel. In its protest to the Application, CforAT urged the Commission to direct other utilities

to propose similar line-item medical discounts for all non-tiered TOU rates. In its opening brief, PG&E asserts that it is not aware of a line-item medical discount available to customers of San Diego Gas & Electric Company or Southern California Edison Company for non-tiered TOU rates.

However, in Exhibit PG&E-1, PG&E asserted that its proposed approach is based on the approved line-item discounts for California Alternate Rates for Energy (CARE) and Family Electric Rate Assistance (FERA) offered through rider rate schedules with any non-tiered TOU rate.⁴

PG&E explained that the proposed 12 percent line-item discount is intended to be equivalent, on average, to the discounts that medical customers would receive if they were to remain on tiered rates under the terms of the medical baseline program adopted in D.18-08-013. PG&E analyzed 12 months of data from March 2019 through February 2020 from medical customers on tiered rates, including tiered TOU rates, to quantify the annual bill savings from the medical baseline program. PG&E found that among the almost 150,000 medical customers, the medical baseline program provided \$35.7 million in bill savings during the one-year period. The medical baseline program bill savings represented an 11.7 percent discount on medical customers' aggregate bills.⁵

PG&E proposes to round up the discount to 12 percent for billing and tariff purposes to ease customer education and outreach.⁶ The Settlement Motion supports PG&E's proposal to round up the discount to 12 percent.

⁴ The Commission approved the FERA line-item discount in D.15-07-001 at Conclusion of Law 27 and approved the CARE line-item discount in D.18-12-004 at Ordering Paragraph 11.

⁵ Exhibit PG&E-1 at 1-9 to 1-10.

⁶ Exhibit PG&E-1 at 1-10.

When considering the settlement agreement provisions on rate design, we will consider both the impact on medical customers and the impact on non-medical ratepayers.

In its protest to the Application, TURN raised several concerns about whether PG&E's proposal will result in higher bills for medical customers who reside in certain climate zones, who face higher prices when on a non-tiered TOU rate, or who also participate in the CARE or FERA program. CforAT also mentioned in its response to the Application that it sought additional information from PG&E about how current medical baseline discounts vary by climate zone or other key elements of a customer's profile.

The Settlement Motion asserts that the settlement agreement addresses each of these concerns in a fair and balanced manner. In Section 3.2 below, we discuss the settlement agreement provision for CARE and FERA participants. In Section 3.3 below, we discuss the settlement agreement provision to allow medical customers with higher bills under a non-tiered TOU rate to return to a previous rate schedule.

In its opening brief, PG&E explained how the settlement agreement would affect non-medical ratepayers. Currently, non-medical customers pay for medical rate discounts in the form of higher baseline allowances for medical customers, which result in less revenue. PG&E forecasts the magnitude of medical customer sales at lower-priced tiers prior to designing rates, which results in slightly higher rates for non-medical customers to make up for the revenue shortfall.

PG&E's opening brief asserted that rate design would continue to be performed in a similar fashion under the Settlement Motion. The proposal would result in an additional category of medical discounts for customers on non-tiered TOU rates and PG&E would similarly design rates by forecasting the resulting

revenue shortfall from the Schedule D-Medical line-item discount and account for it when designing residential rates. The new discount would remain within the residential class, funded by small increases in non-medical residential customers' rates.

The impact of Schedule D-Medical on non-medical ratepayers will depend on the participation in Schedule D-Medical. Enrollment in D-Medical will either come from current medical customers that switch to D-Medical or from customers enrolling in a medical program for the first time.

While the initial participation in Schedule D-Medical will likely be limited to the set of medical customers that wish to participate in SGIP, we expect that enrollment will increase over time.

Many Schedule D-Medical participants will be customers switching from rates with medical baseline discounts. These customers will switch to a non-tiered rate to participate in a program that requires a non-tiered rate or to achieve bill savings. Since PG&E designed the Schedule D-Medical to provide the average percentage discount that medical customers received over the course of a year, the program should only cost ratepayers more if customers that switch to Schedule D-Medical have higher bills on average (prior to the line-item discount) than they would have received under tiered rates. As discussed in Section 3.3 below, Schedule D-Medical customers will have the option to return to a previous rate schedule if switching rates causes their rates to go up. We expect that this will also prevent the average cost of Schedule D-Medical discounts from being substantially higher than the average cost of medical baseline discounts.

Some Schedule D-Medical participants may be customers who have not received medical discounts in the past. Increasing access to medical rate discounts is consistent with the Commission's policies to increase enrollment in

the medical baseline program. In D.20-06-003, the Commission ordered the four largest energy utilities, including PG&E, to file Tier 3 advice letters that include goals to increase medical baseline enrollment above 2018 levels.⁷ On September 23, 2021, the Commission approved Resolution E-5169 which requires the electric utilities (PG&E, SCE, and SDG&E) to establish goals of increasing Medical Baseline enrollment among combined gas and electric customers by 7 percent in 2021, 8 percent in 2022, and 9 percent in 2023 (each relative to 2018 enrollment), and increase outreach to customers, community-based organizations, and the medical community to encourage enrollment in Medical Baseline.

We conclude that it is reasonable in light of the whole record, consistent with law, and in the public interest to approve the settlement agreement with respect to the proposal for PG&E to offer a new rider rate, Schedule D-Medical, to provide a 12 percent line-item discount to any medical customer on any current or future non-tiered residential TOU rate.

4. CARE and FERA Discounts

In its protest to the Application, TURN raised concerns that PG&E's proposal to apply the 12 percent medical discount to a customer's bill after it is discounted by the CARE or FERA program is inconsistent with the intended effect of the 12 percent discount, which is based on the aggregate value of bill savings across all medical customers. TURN argued that the 12 percent discount applied after the CARE or FERA discount would be insufficient to maintain the average discount for CARE and FERA medical customers.

⁷ D.20-06-003 at 77-78 and Ordering Paragraph 40.

The Settlement Motion supports PG&E's proposal to apply the CARE or FERA discount in a multiplicative fashion with the 12 percent medical line-item discount, as described in PG&E's testimony. Exhibit PG&E-1 explains that for a household that participates in both the FERA and medical programs who wishes to take service on a non-tiered TOU rate, the 18 percent FERA discount would be multiplied by the 12 percent medical discount, resulting in a 27.84 percent discount on the customer bill. For a customer bill of one hundred dollars, the discounts would be calculated as follows: $\$100 * (1-.18) * (1-.12) = \$100 * .72160 = \$72.16$.

The proposed approach is consistent with the existing Commission policy of applying the CARE or FERA discount after the customer's bill is reduced through application of the medical baseline quantity. A medical baseline benefit is applied before application of a customer's CARE or FERA discount. A medical baseline benefit works by providing a customer with a certain amount of energy at the lower baseline rate. Once the customer has consumed the entire medical baseline quantity in a billing cycle, additional consumption is billed at a higher, non-baseline rate described in the utility's tariff. CARE or FERA discounts are applied to the customer's total charges, including energy consumed at the lower baseline rate and at the higher, non-baseline rate. This means that a medical baseline customer's bill is reduced by providing an additional quantity of energy at the baseline rate, and a medical baseline customer enrolled in CARE or FERA receives an additional discount on top of the lower rate for the customer's baseline quantity.

We conclude that it is reasonable in light of the whole record, consistent with law, and in the public interest to approve the settlement provision for any medical customer who qualifies for CARE or FERA discounts to receive both the

Schedule D-Medical discount and the CARE or FERA discount, and to apply the CARE or FERA discount in a multiplicative fashion with the medical line-item discount.

5. Returning to a Previous Rate Schedule

In its protest to PG&E's application, TURN raised concerns that some customers that switch to a non-tiered rate with a medical line-item discount will end up with higher bills.

The Settlement Motion appears to address TURN's concern by providing customers who select Schedule D-Medical an additional option to return to their previous rate schedule if requested within the first 12 months that the new medical baseline line-item discount is available, with a few exceptions.

The Settlement Motion explains that Electric Rule 12 allows customers one rate schedule change in any twelve- month period unless (1) a new rate schedule is approved or (2) the customer's operating conditions have changed sufficiently where a rate change is warranted. The settlement agreement provides that PG&E will add language to the Schedule D-Medical tariff to allow existing medical customers to make an additional rate change if they request to do so within the first 12 months that Schedule D-Medical is effective. However, customers will not be able to return to their previous rate schedule if that schedule is closed to new customers. Medical customers participating in SGIP who are required to enroll in a specific rate will also be ineligible to return to their previous rate.

We conclude that it is reasonable in light of the whole record, consistent with law, and in the public interest to approve the settlement agreement provision to allow medical customers who opt into a non-tiered rate schedule with the option to return to their previous rate schedule if requested within the first 12 months that the new medical baseline line-item discount is available, with

exceptions for SGIP customers and customers whose previous rate schedule is closed to new customers.

6. Implementation Timing

In Exhibit PG&E-1, PG&E raised concerns that implementation of its proposed line-item discount schedule would be delayed due to planned billing system upgrades. The settlement agreement does not include a deadline for implementation or interim solutions while PG&E works on billing system upgrades. Instead, the settlement agreement states that PG&E commits to implementing PG&E system structural changes “as soon as practicable” and the parties agree that “these changes could take an extended period of time to implement.”

In opening briefs, PG&E provided more information about the timing of billing system upgrades.

PG&E has launched the planning phase of the billing system upgrade projects. The entire project will be completed by Q1 2025. However, PG&E has developed an interim solution that will allow new rates to be built in the legacy CC&B billing system and later ported to the new CC&B system. The freeze of billing system work will begin in Q3 of 2021 and extend for approximately one year until Q4 of 2022, when the work to build the Medical Baseline discount on EV2 and E-TOU-D will begin. PG&E anticipates that the proposed Medical Baseline discount can be implemented in 2023 for all EV2-A and E-TOU-D customers. This timeline is subject to change.

In opening briefs, PG&E explained that the delay in implementation will not affect access to programs that require election of a non-tiered rate. PG&E asserted that it does not have any programs that require residential customers to elect a non-tiered rate. Only two of PG&E’s programs require residential customers to enroll in specific rate structures. Net energy metering customers can enroll in a TOU rate with a medical baseline discount. D.20-05-041 provides

that SGIP customers can enroll in Schedule E-TOU-C, which provides a Medical Baseline discount, until the Schedule D-Medical becomes available.

We find that an implementation delay until the end of 2023 will not reduce medical customers' access to PG&E programs.

We conclude that it is reasonable to allow PG&E to implement the new line-item discount by the end of 2023. PG&E shall file a Tier 2 advice letter to implement the new line-item discount within 18 months of this decision. The advice letter shall include an implementation date no later than December 31, 2023. If PG&E encounters unexpected delays in upgrading its billing system that impact its ability to implement the new line-item medical discount, PG&E may request an extension of time for compliance in accordance with the Commission's Rules of Practice and Procedure.

7. Environmental and Social Justice Action Plan Goals

The Commission's Environmental and Social Justice (ESJ) Action Plan defines environmental and social justice as seeking to remedy a history of unfair treatment of communities, predominantly communities of people of color and low-income residents. These communities have been subjected to disproportionate impacts from one or more environmental hazards, socio-economic burdens, or both. Residents have been excluded in policy setting or decision-making processes and have lacked protections and benefits afforded to other communities by the implementation of environmental and other regulations.

In its opening brief, PG&E asserts that the settlement agreement advances Goals 2 and 4 of the Commission's ESJ Action Plan goals: (2) Increase investment in clean energy resources to benefit ESJ communities, especially to improve local air quality and public health; and (4) Increase climate resiliency in ESJ

communities. The new medical benefit will provide medical customers in ESJ communities with the opportunity to participate in SGIP by selecting a SGIP-compliant rate without foregoing a medical benefit. These ESJ community members can use SGIP funding to install clean generation and energy storage in their homes, increasing their climate resiliency.

As discussed in Section 3.2 above, adoption of the settlement agreement will allow low-income customers to enroll in non-tiered TOU rates and receive a combination of medical discounts and CARE or FERA discounts. The proposal to allow medical customers to apply the line-item discount to any current or future non-tiered TOU rate also has the potential to increase access of ESJ community members to future clean energy and climate resiliency programs that will require enrollment in non-tiered TOU rates.

We find that the settlement agreement is consistent with the Commission's ESJ Action Plan goals to increase investment in clean energy resources and climate resiliency in ESJ communities.

8. Modifications and Reporting

The settlement agreement provides that the line-item medical discount will remain in place going forward, but any party may propose modifications to the value or structure of the new medical discount in a future PG&E General Rate Case Phase II proceeding. This approach is consistent with Commission practice. We conclude that is reasonable in light of the whole record, consistent with law, and in the public interest to approve the settlement agreement provision to consider any proposed modifications to the line-item medical discount in any future PG&E General Rate Case Phase II proceeding.

In Resolution E-5169, we directed PG&E and other energy utilities to report on progress toward enrollment goals established by that resolution. The

purpose of that reporting requirement is to track new enrollments and program removals in greater detail to evaluate IOU progress in improving Medical Baseline outreach and enrollment activities.

To allow the CPUC to evaluate the impact of the new Schedule D-Medical rate for customers, PG&E shall report on the number of customers on Schedule D-Medical, including how many of these customers switched from the medical baseline program to Schedule D-Medical. After the date of implementation of Schedule D-Medical, PG&E shall include this information in its monthly disconnection data reports submitted pursuant to D.18-12-013.

9. Consumer Education

Neither the settlement agreement nor PG&E's testimony include any provisions regarding marketing, education and outreach (ME&O) for the new discount.

In its opening brief, PG&E recommended that the Commission not require an additional review of PG&E's ME&O plan for the new discount.

PG&E pointed out in its opening brief that PG&E is required to send rate comparison summaries to residential customers on an annual basis in compliance with D.19-07-004. The rate comparison summaries will include discounts for programs in which the customer is currently enrolled.⁸ This required notice will inform medical customers annually whether they are on the rate that is estimated to provide them the greatest savings.

PG&E explained that it also plans to make information about the new discount available through its rate plan analysis tool, the medical baseline

⁸ D.19-07-004 at 107-109 requires PG&E to send rate comparison summaries annually to each residential customer once the transition to default TOU has begun. A rate comparison summary is a summary of available tariff options with a calculation of expected annual bill impacts under each available tariff.

application, the medical baseline web page, PG&E call centers, medical baseline education and outreach efforts, and as a separate line-item on the Energy Statement (similar to how the CARE line-item discount is shown).

No party raised concerns about marketing, education or outreach issues during this proceeding. Nothing in the record indicates that additional marketing, education or outreach is needed for the new discount.

We conclude it is reasonable for PG&E to inform existing and potential medical customers about the new medical line-item discount through PG&E's annual rate comparison summaries and through its existing medical baseline education and outreach tools, resources and efforts.

10. Unbundled Customers

The settlement agreement supports PG&E's original proposal for how to apply the new medical discount for CCA and DA residential customers.

In its opening brief, PG&E describes the steps for calculating the bill savings of a CCA or DA customer as follows:

- (1) PG&E first will calculate the customer's bill as if it were a bundled non- medical customer, using all the rates on the Medical customer's non-tiered TOU schedule, including the generation rates.
- (2) PG&E will then apply the 12 percent Medical line-item discount to the bill in Step (1) to calculate what a bundled service Medical customer would pay.
- (3) Finally, from the bill amount calculated in Step (2) PG&E will subtract the full, undiscounted, generation portion of the bill calculated in Step (1), then add the Power Cost Indifference Amount (PCIA) and the Franchise Fee Surcharge, to yield the final delivery bill it charges the CCA/DA customer.

PG&E asserts that this process is competitively neutral between a CCA and PG&E. PG&E proposes to informally solicit feedback from CCAs through its

twice-monthly check-in call with CCA providers to discuss residential TOU transition efforts.

No other party offered any analysis of PG&E's approach. The record is insufficient to determine if PG&E's proposal fully and fairly addresses the interests of CCA and DA customers.

We direct PG&E to meet and confer with California Community Choice Association. PG&E shall include a proposal for how to apply the bill discount to CCA and DA customers in its Tier 2 advice letter for implementing the new discount.

11. Motion to Offer Prepared Testimony into the Record

On March 1, 2021, PG&E filed a motion to offer its prepared testimony exhibit, attached to the Application, into the record of this proceeding as Exhibit PG&E-1. In the Settlement Motion, all parties to this proceeding agreed that PG&E's prepared testimony should be admitted into evidence without cross-examination by the parties.

This decision marks for identification PG&E's prepared testimony as Exhibit PG&E-1 and receives into evidence Exhibit PG&E-1.

12. Comments on Proposed Decision

The proposed decision of Administrative Law Judge (ALJ) Stephanie S. Wang in this matter was mailed to the parties in accordance with Section 311 of the Public Utilities Code and comments were allowed under Rule 14.3 of the Commission's Rules of Practice and Procedure. Comments were filed on _____, and reply comments were filed on _____ by _____.

13. Assignment of Proceeding

Genevieve Shiroma is the assigned Commissioner and Stephanie S. Wang is the assigned ALJ for the proceeding.

Findings of Fact

1. No medical discount is currently available to PG&E customers on non-tiered rates.
2. The Settlement Motion addresses all of the contested issues in this proceeding.
3. All of the parties to this proceeding offered the Settlement Motion.
4. The parties to this proceeding represent a range of ratepayer interests, including medical customers and ratepayers who are not eligible for medical rate discounts.
5. The parties to this proceeding do not include representatives for CCA customers or DA customers.
6. The medical baseline program provided PG&E's nearly 150,000 medical customers with \$35.7 million in bill savings during the one-year period from March 2019 through February 2020.
7. The \$35.7 million in medical baseline program bill savings represented an 11.7 percent discount on medical customers' aggregate bills.
8. PG&E proposes to offer medical customers a 12 percent discount, rather than a 11.7 percent discount, for ease of customer education and outreach.
9. Increasing access to medical rate discounts is consistent with the Commission's policies to increase enrollment in the medical baseline program.
10. CARE or FERA discounts are applied after a medical customer's bill has been reduced by providing an additional quantity of energy at the baseline rate.

11. Allowing Schedule D-Medical customers to return to their previous rate schedule within the first 12 months that the new discount is available, with a few exceptions, is consistent with the Commission's policies for residential customers transitioning to TOU rates.

12. PG&E's billing system upgrade will not allow PG&E to begin work on the Schedule D-Medical rate until Q1 2023, at the soonest.

13. Delaying implementation of the new discount until the end of 2023 will not reduce medical customers' access to PG&E programs.

14. The settlement agreement is consistent with the Commission's ESJ Action Plan goals to increase investment in clean energy resources and climate resiliency in ESJ communities.

15. Nothing in the record indicates that additional marketing, education or outreach is needed for the new medical discount.

16. The record is insufficient to determine if PG&E's proposal for unbundled customers fully and fairly addresses the interests of unbundled customers.

17. In the Settlement Motion, all parties to this proceeding agreed that PG&E's prepared testimony should be admitted into evidence without cross-examination by the parties.

Conclusions of Law

1. The proposed medical rider rate fulfills PG&E's obligation under D.20-05-041 to propose a SGIP-compliant time-of-use rate for medical customers.

2. It is reasonable in light of the whole record, consistent with law, and in the public interest to approve the settlement provision for PG&E to offer a new rider rate, Schedule D-Medical, to provide a 12 percent line-item discount to any medical customer on any current or future non-tiered residential TOU rate.

3. It is reasonable in light of the whole record, consistent with law, and in the public interest to approve the settlement provision for any medical customer who qualifies for CARE or FERA discounts to receive both the Schedule D-Medical discount and the CARE or FERA discount, and to apply the CARE or FERA discount in a multiplicative fashion with the medical line-item discount.

4. It is reasonable in light of the whole record, consistent with law, and in the public interest to approve the settlement agreement provision to allow medical customers who opt into a non-tiered rate schedule with the option to return to their previous rate schedule if requested within the first 12 months that the new medical baseline line-item discount is available, with exceptions for SGIP customers and customers whose previous rate schedule is closed to new customers.

5. It is reasonable to direct PG&E to file a Tier 2 advice letter to implement the new line-item discount within 18 months of this decision and to include an implementation date no later than December 31, 2023.

6. It is reasonable in light of the whole record, consistent with law, and in the public interest to approve the settlement agreement provision to consider any proposed modifications to the line-item medical discount in any future PG&E General Rate Case Phase II proceeding.

7. It is reasonable to require PG&E to report on the number of customers on Schedule D-Medical, including how many of these customers switched from the medical baseline program to Schedule D-Medical, in its monthly disconnection data reports submitted pursuant to D.18-12-013 after the date of implementation of Schedule D-Medical.

8. It is reasonable to direct PG&E to meet and confer with California Community Choice Association about how to apply the bill discount to CCA and

DA customers prior to filing its Tier 2 advice letter to implement the new discount.

9. It is reasonable for PG&E to inform existing and potential medical customers about the new medical line-item discount through PG&E's annual rate comparison summaries and through its existing medical baseline education and outreach tools, resources and efforts.

10. It is reasonable to direct PG&E to include a proposal for how to apply the bill discount to CCA and DA customers in its Tier 2 advice letter for implementing the new discount.

O R D E R

IT IS ORDERED that:

1. The settlement agreement offered by all parties to this proceeding is approved, except with respect to provisions specific to unbundled customers.

2. Pacific Gas and Electric Company shall file a Tier 2 advice letter to implement the new line-item discount within 18 months of this decision. The advice letter shall include an implementation date no later than December 31, 2023.

3. Pacific Gas and Electric Company shall meet and confer with California Community Choice Association about how to apply the bill discount to community choice aggregation (CCA) and direct access (DA) customers prior to filing its Tier 2 advice letter to implement the new discount. Pacific Gas and Electric Company shall include a proposal for how to apply the bill discount to CCA and DA customers in its Tier 2 advice letter for implementing the new discount.

4. After the date of implementation of Schedule D-Medical, Pacific Gas and Electric Company shall include in its monthly disconnection data reports,

submitted pursuant to Decision 18-12-013, the number of customers on Schedule D-Medical, including how many of these customers switched from the medical baseline program to Schedule D-Medical.

5. Exhibit PG&E-1 is received into evidence in this proceeding.
6. Application 20-10-006 is closed.

This order is effective today.

Dated _____, at San Francisco, California